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ADMINISTRATIVE AND BUDGETARY MATTERS

Synchronization of the Programme Budget Cycle of the Fund of the
United Nations International Drug Control Programme (UNDCP)**

Note by the Executive Director

1. By resolution 13 (XXXV), the Commission on Narcotic Drugs decided on the documentation and temporary procedure to be followed for the approval of the programme budget of the Fund of UNDCP. The Commission further decided to review the budget format and methodology at its thirty-seventh session. The decisions on documentation contained in paragraph 3 of the resolution have been taken into consideration, in particular in the Proposed Revision of the Programme Budget for the Biennium 1992-1993 and Proposed Outline for the Biennium 1994-1995 (E/CN.7/1993/5). Other documentation submitted to the Commission is also relevant to the concerns raised in paragraph 3 (E/CN.7/1993/5/Add.2). In accordance with the intention expressed in paragraph 5 of the resolution, it is expected that the final review of the budget format and methodology will be carried out by the Commission when considering the proposed programme budget for 1994-1995.

2. By paragraph 2 of resolution 13 (XXXV), the Commission approved a temporary procedure for the preparation and approval of the programme budget for 1992-1993 and 1994-1995, bearing in mind the need to fully synchronize the budget cycle of the Programme with that of the United Nations. By paragraph 1, the Commission also endorsed the comments and recommendations contained in the report of the Advisory Committee on Administrative and Budgetary Questions (ACABQ), including detailed recommendations on the

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synchronization of the programme budget for the Fund of UNDCP (E/CN.7/1992/12/Add.3). In particular, in paragraph 4 of the report of ACABQ, the Committee noted that the Commission should approve the programme budget in odd numbered years. Moreover, ACABQ considered it essential that the programme budget be approved by the Commission prior to the start of the financial period. In paragraph 5 of its report, ACABQ recommended that the programme budget of the Fund of UNDCP should be fully synchronized by the 1996-1997 biennium at the latest. The question of synchronizing the programme budget cycle was again discussed by ACABQ and at the informal consultations held in Vienna in November 1992. The present note provides further information and illustrates a number of possible options for the synchronization of the programme budget of the Fund of UNDCP for consideration by the Commission.

Current dilemma

3. The temporary procedure as approved by the Commission in paragraph 2 of resolution 13 (XXXV) does not meet the concerns of ACABQ on the synchronization of the programme budget cycle of the Fund of UNDCP. In accordance with the temporary procedure, the initial programme budget for 1992-1993 was prepared by the Secretariat in the autumn of 1991. After consideration of the proposals by ACABQ in December 1991, the programme budget was approved in March 1992 by the thirty-fifth session of the Commission, during the first year of the biennium 1992-1993. The revision of the programme budget was prepared by the Secretariat in the autumn of 1992 and considered by ACABQ in November 1992. In accordance with the temporary procedure, the thirty-sixth session of the Commission is expected to approve the revision in April 1993, during the second year of the biennium 1992-1993. At the same time, an outline of the budget for 1994-1995 is submitted to the Commission. Lastly, in accordance with paragraph 4 of resolution 13 (XXXV), the Commission discussed the revision of the programme budget for 1992-1993 in November 1992 during informal consultations. The temporary procedure has one major shortcoming: financial authorization is given by the Commission after the start of the financial period. Essentially, UNDCP is expected to operate for a three-month period (January to March) during even numbered years without an approved programme budget. This is considered unacceptable by ACABQ.

4. A synchronization of the programme budget of the Fund of UNDCP without modifying the schedule of meetings does not seem possible. This would imply approval of the initial programme budget during the spring session of the Commission during the odd numbered years, approximately nine months before the start of the financial period. ACABQ would need to review the initial programme budget prior to its adoption. Since the regular session of ACABQ starts only by mid-April, ACABQ would not be in a position to consider the initial programme budget before the March session of the Commission. The ACABQ review would need to be scheduled towards the end of the preceding even numbered years. The Committee's agenda during this period is normally committed entirely to business resulting from the ongoing session of the General

Assembly. The Committee would therefore prefer to consider the initial programme budget of the Fund of UNDCP somewhat earlier, possibly during the autumn period. Programme budget preparation by the Secretariat would therefore need to commence during the summer of even numbered years, i.e. some 18 months prior to the start of the financial period. This time gap makes the formulation of a detailed programme budget unrealistic. The resources available to the UNDCP programme depend on voluntary contributions to general purpose and special purpose funds. It is not possible to provide reliable income estimates on which the programme budget estimates need to be based 18 months prior to the start of the financial period. Closing this time gap is one of the key problems when outlining an appropriate programme budget cycle.

5. Before describing three options for synchronizing the programme budget cycle of the Fund of UNDCP, the current practice in the United Nations for preparing and approving programme budgets is illustrated below for the following two cases: (i) the regular programme budget of the United Nations, which is also applicable to the regular budget component of UNDCP, (ii) the United Nations Development Programme (UNDP), which is entirely supported by voluntary contributions as is the Fund of UNDCP. These illustrations also provide a better understanding of the type of programme budget documents required in a synchronized cycle. In considering the current practice with regard to the regular budget of the United Nations, it should be borne in mind that the programme planning and budget process of the United Nations includes, in addition to the biennial programme budget, a six year medium-term plan, a two year outline and monitoring reports, which are not included in the current illustration of the programme budget cycle.

Current practice: regular programme budget of the United Nations

6. The initial programme budget for 1992-1993 was prepared by the Secretariat between late 1990 and the spring of 1991. After consideration of the proposals by ACABQ and the Committee on Programme and Coordination (CPC), the initial programme budget was approved by the General Assembly in December 1991. The initial programme budget describes in detail the programmatic content and the financial estimates for the two-year budget period. The document reflects the budgetary implications of programme modifications on the basis of up-to-date exchange rate and inflation assumptions. During the autumn of 1992, the Secretariat prepared the first revision of the programme budget for 1992-1993, reflecting essentially recosting for changes in exchange rates and inflation. The document was reviewed by ACABQ and approved by the General Assembly in December 1992. During the autumn of 1993, the Secretariat will prepare the second (final) revision of the programme budget for 1992-1993, which will be considered by ACABQ and the General Assembly in December 1993. The document reflects recosting for changes in exchange rates and inflation as well as adjustments in accordance with the final expected expenditure level. In parallel to the second revision of the programme budget for 1992-1993, the General Assembly will consider the initial programme budget for 1994-1995. For the regular programme budget of the United Nations, preparation of the budget

estimates starts rather early - over one year prior to the start of the financial period. Programme activities are funded from assessed contributions which allow forward planning. In addition, the General Assembly frequently reconvenes to consider modifications of the programme budget in the context of revised estimates.

Current practice: UNDP

7. The initial programme budget for 1992-1993 for UNDP was issued in April 1991 and reviewed by ACABQ prior to consideration by the UNDP Budgetary and Finance Committee and the UNDP Governing Council in June 1991. The report of the Governing Council was submitted to the second regular session of the Economic and Social Council in July 1991. In March 1992, the first revision of the programme budget for 1992-1993 was issued and reviewed by ACABQ prior to consideration by the Budgetary and Finance Committee and the Governing Council in May 1992. The report of the Governing Council was submitted to the annual substantive session of the Economic and Social Council in June/July 1992. The second (final) revision of the programme budget for 1992-1993 was issued in the spring of 1993 for consideration by ACABQ prior to the meeting of the Budgetary and Finance Committee and the Governing Council, scheduled for June 1993. The annual substantive session of the Economic and Social Council is scheduled for June/July 1993. In parallel to the second revision of the programme budget for 1992-1993, UNDP will issue the initial programme budget for 1994-1995. As in the case of the regular budget, the first and second revisions essentially reflect recosting for changes in exchange rates and inflation, and, if required, volume adjustments. The time gap for UNDP between budget preparation and implementation is approximately 12 months and somewhat shorter than the time goal for the regular programme budget of the United Nations. The programme funding of UNDP is based on voluntary contributions, as is the case for UNDCP. The UNDCP income base, however, appears to be more volatile than that of UNDP, which can rely on a system of predictable Indicative Planning Figures (IPF).

Programme budget documents of the Fund of UNDCP

8. As in the case of UNDP and the regular programme budget of the United Nations, the initial programme budget should be a detailed document, reflecting the programmatic changes and their budgetary implications. A first revision of the programme budget should be submitted during the mid-point of the two-year financial period. This should be followed by a second (final) revision towards the end of the financial period. First and second revisions could be rather short documents compared to the initial programme budget, essentially reflecting a recosting for changes in exchange rates and inflation and, if required, volume adjustments. In accordance with the programme budget format submitted to the current session of the Commission in document E/CN.7/1993/5, it is also the intention to continue to submit a biennial outline in addition to the biennial programme budget, together spanning a period of four years. The submission of documentation for the financial period 1994-1995

would be as follows: (i) prior to the start of the financial period: initial programme budget for 1994-1995 and initial outline for 1996-1997 (together with second revision of the programme budget 1992-1993); (ii) during the implementation of the financial period: first revision of the programme budget for 1994-1995 and the first revision of the outline for 1996-1997; (iii) towards the end of the financial period: second revision of the programme budget for 1994-1995 (together with the initial programme budget for 1996-1997 and the initial outline for 1998-1999).

9. The documentation identified in the preceding paragraph would need to be presented in a programme budget cycle, outlined in accordance with four essential criteria. Firstly, the Commission needs to approve the initial programme budget prior to the start of the financial period. Secondly, as a result of the volatile funding patterns of UNDCP, the time gap between budget preparation and implementation needs to be kept to a minimum to allow for the presentation of realistic budget and outline estimates. Thirdly, the programme budget review process has to be cost effective. Fourthly, the schedules of the Commission, the Economic and Social Council and ACABQ need to respect existing constraints for adjusting the calendar of meetings, thus creating some problems. It should be noted that within the United Nations, the Fund of UNDCP is the only one which has to comply with the latter criteria, since the governing body of UNDCP (the Commission on Narcotic Drugs) is the only functional commission of the Council with budgetary competence. In accordance with those four criteria, three options have been identified below which summarize feasible ways of synchronizing the programme budget cycle of the Fund of UNDCP with the practice in the United Nations.

Option A: delayed spring session of the Commission in April

10. A short delay of the spring session of the Commission from March/April to April/May could shorten the time gap between budget preparation and implementation. This reduction of the time gap would essentially be achieved by making it possible for ACABQ to take up the programme budget at a later stage. Budget preparation by the Secretariat could begin during January of the odd numbered years. The proposals would be submitted to the early part of the regular session of ACABQ during mid-April. The Commission could meet during the second part of April, eight weeks prior to the meeting of the Economic and Social Council, expected to start in late June or early July. Unlike UNDP, the functional commissions need to meet at least eight weeks prior to the session of the Council. Although attractive, this option has a number of shortcomings. The timing between the meetings of ACABQ, the Commission and the Council does not allow much flexibility. ACABQ would have only a few days to finalize its report on the programme budget. Depending on the exact scheduling of the Council, it might not be possible to respect the eight-weeks rule. Lastly, although the time gap between budget preparation and implementation would have been reduced to 12 months, that is still considered rather long in view of the need for UNDCP to prepare realistic estimates. In summary, the programme budget cycle under Option A for the financial period

1994-1995 would be as follows: (i) during the spring session in April 1993: initial programme budget for 1994-1995 and initial outline for 1996-1997 (together with second revision of the programme budget for 1992-1993); (ii) during the spring session in April 1994: first revision of the programme budget for 1994-1995 and first revision of outline for 1996-1997; (iii) during the spring session in April 1995: second revision of the programme budget for 1994-1995 (together with the initial programme budget for 1996-1997 and the initial outline for 1998-1999).

Option B: reconvened annual session of the Commission in late November or early December

11. Reducing the time gap between budget preparation and implementation to a minimum period of six months could be achieved by reconvening the session of the Commission annually. The Secretariat would elaborate the estimates during the summer of odd numbered years for consideration by ACABQ in the autumn. The proposal could be approved by the reconvened session of the Commission in late November or early December of the same year. This approach appears to be best for preparing realistic programme budget and outline estimates, but it would result in considerable financial implications as outlined below in paragraph 13. In summary, the programme budget cycle under option B for the financial period 1994-1995 would be as follows: (i) during the reconvened session of the Commission in late November or early December 1993: the initial programme budget for 1994-1995 and the initial outline for 1996-1997 (together with the second revision of the programme budget for 1992-1993); (ii) during the regular spring session in March 1994: no documents; (iii) during the reconvened session of the Commission in late November or early December 1994: the first revision of the programme budget for 1994-1995 and the first revision of the outline for 1996-1997; (iv) during the regular spring session in March 1995: no documents; (v) during the reconvened session of the Commission in late November or early December 1995: the second revision of the programme budget for 1994-1995 (together with the initial programme budget for 1996-1997 and the initial outline for 1998-1999).

Option C: reconvened biennial session in late November or early December in combination with regular spring session of the Commission in March/April

12. Option C exhibits the same time gap of six months between preparation and implementation of the initial programme budget estimates as in the case of Option B. However, the Commission would reconvene only biennially for the purpose of approving the initial programme budget. As in the case of Option B, the programme budget would be prepared by the Secretariat during the summer of odd numbered years, considered by ACABQ in the autumn and approved by the biennially reconvened session of the Commission, meeting for two days in late November or early December prior to the start of the financial period. The first revision of the programme budget would be prepared by the Secretariat during the early autumn of the first budget year for submission to ACABQ in late autumn. During the second year of the biennium, the regular spring session of

the Commission in March/April could approve the first revision, some six months after the start of their preparation. As noted above, the first revision of the programme budget would be a rather short document compared to the initial programme budget, reflecting essentially changes in exchange rates and inflation. Such a document could be prepared by the Secretariat and considered by ACABQ rather quickly, resulting in a short time gap between preparation and implementation of only six months. The second revision of the programme budget would be prepared during the summer of the second budget year for submission to ACABQ and the biennially reconvened session of the Commission in late November or early December. The proposed timing appears to have one shortcoming: the first revision of the programme budget would be approved 15 months after the start of the financial period and three months into the second budget year. This delay could be acceptable, since financial authorization for this three-month period would have already been granted through the approval of the initial two-year programme budget during the biennially reconvened session of the Commission. The financial implications of Option C, which amount to half of Option B, are outlined below in paragraph 13. In summary, the programme budget cycle under Option C for the financial period 1994-1995 would be as follows: (i) during the reconvened biennial session in late November or early December 1993: the initial programme budget for 1994-1995 and the initial outline for 1996-1997 (together with the second revision of the programme budget for 1992-1993); (ii) during the regular spring session in March /April 1994: no documents; (iii) during the regular spring session in March/April 1995: the first revision of the programme budget for 1994-1995 and first revision of the outline for 1996-1997; (iv) during the reconvened biennial session in late November or early December 1995: the second revision of the programme budget for 1994-1995 (together with the initial programme budget for 1996-1997 and the initial outline for 1998-1999).

Financial implications for the regular programme budget of the United Nations

13. The synchronization of the programme budget cycle of the Fund of UNDCP would require adjustments in the schedule of meetings. For Option A (delayed spring session of the Commission in April/May), no financial implications would result from the rescheduling of the spring session from March/April to April/May. Option B (reconvened annual session of the Commission in late November or early December) would require additional resources under the regular programme budget of the United Nations. For one biennium, and estimated at current rates, the financial implications would amount to \$190,000 for the travel of representatives from 53 Member States to attend two reconvened sessions and to \$66,400, at full cost, for conference-servicing of two reconvened sessions. Option C (reconvened biennial session in late November or early December in combination with the regular spring session of the Commission in March/April) would require for one biennium additional resources of \$95,000 for the travel of representatives to attend one reconvened session and of \$33,200, at full cost, for conference-servicing of one reconvened session.

14. The estimates for conference-servicing are based on the assumption that no part of the requirements would be met from within the permanent conference-servicing capacity of the programme budget, and that additional resources would be required for temporary assistance for meetings. The extent to which the Organization's permanent capacity needs to be supplemented by temporary assistance resources can only be determined in the light of the calendar of conferences. However, the regular programme budget of the United Nations includes a provision for temporary assistance estimated on the basis of previous experience to accommodate meetings expected to be held during the biennium.